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MONTHLY REVIEW

N I N D E P E N D E N T S O C I A L I S T M A G A Z I N E

**FACING THE OIL GIANTS: LABOR
BARGAINING IN THE 1990s**

Michael Tanzer

**MARXISM TODAY: AN INTERVIEW
WITH ISTVÁN MÉSZÁROS**

CONVERSATIONS WITH BONDY

Benjamin B. Page

VOL. 44

11



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NOTES FROM THE EDITORS

Running a magazine has its headaches, but it also has its rewards. One of the most gratifying of the rewards is the relationships that from time to time, and usually quite unexpectedly, develop with readers. Here is an example we would like to share with all of you. Last fall, as most of you know and as is our wont every fall, we sent out an appeal for funds to our subscribers. A couple of months later we received a letter that read as follows: "Some time ago I sent *Monthly Review* a check for \$10 in response to the magazine's fund appeal. I am sending you another \$10 check in the hope that you will find the time in your busy schedule to read how this contribution has come about, for it represents a wonderful tribute to Magdoff and Sweezy from an elderly woman who is by no means politically sophisticated.

"I had mailed her a copy of a xeroxed copy [of the appeal], and a few weeks later she sent me a \$10 bill with this comment: 'Sammy, I scraped together this money for *Monthly Review* for the following reason: I spend hours listening to commentators on radio and television for some insight into what is happening in our country and elsewhere, and I must say that this short summary by the editors of *Monthly Review* is infinitely more meaningful than all the explanations offered by the media pundits. What is more remarkable is that it is not an essay or an excerpt from an essay but

(Continued on inside back cover)

FACING THE OIL GIANTS: LABOR BARGAINING IN THE 1990'S

by MICHAEL TANZER

Now I'd like to turn to the energy and oil industries. On the demand side, as always, a serious recession like the present one means stagnant demand for energy and oil. In the last three years, overall U.S. energy consumption has increased by less than half a percent a year, while oil consumption has actually decreased at about the same rate.

At the same time the industry has experienced increasing environmental problems which affect both supply and demand. In particular, the demand for oil has been weakened by the Clean Air Act of 1990 and tougher state regulation of pollution emissions, as well as the push to use renewable energy resources. On the supply side the oil companies have been hobbled by the efforts of environmentalists, in my view happily successful, to block exploration in the Arctic National Wildlife Refuge and on the Outer Continental Shelf.

As a result of these adverse factors, the oil industry has been downsizing, reducing its level of capital expenditures, particularly in exploration and production. At the same time, oil exploration in the United States has practically died out, as exploration has been increasingly shifted abroad, particularly to the Third World, with an eye toward future prospecting in the countries of the former communist bloc. Of course,

Michael Tanzer, a frequent contributor to *Monthly Review*, is an economic consultant living in New York. This article is based on a speech delivered at the biennial bargaining conference of the Oil, Chemical, and Atomic Workers Union (OCAW) on September 29, 1992.

the major companies have been moving their efforts abroad for a number of years, but now the U.S. independents are beginning to do the same. Thus the *Oil and Gas Journal* (April 27, 1992, p.14) notes that "buoyed by examples of success by Triton Energy Corp., Dallas, in Colombia and Hunt Oil Co., also of Dallas, in Yemen, and faced with few available frontiers in the United States, independents of all sizes are exploring the international option."

Since historically oil industry management likes to use this kind of situation as a bargaining lever to pressure its workers, we need to step back a little and see that there have been cycles in the industry's love-hate affair with the United States. While the industry was born in the United States and built its base here in the early part of the century, even in this early period it was drawn abroad by the prospects of finding large amounts of low-cost high-profit crude oil. Nevertheless, security of supply considerations, both for governmental leaders and for individual companies, have always tended to put a brake on moving abroad completely. Most recently we saw this in the companies' reaction to the OPEC revolution, which cost them outright control of the world's most profitable crudes and drove them to expand wildly in the United States until 1985, thus setting the stage for the current crisis in the oil patch. The fundamental reason for going abroad has been succinctly expressed by the president of Hondo Oil and Gas Company of Roswell, New Mexico: "We simply think we can do better investing our money abroad." Since this man is Robert O. Anderson, former chairman of ARCO, we need to take seriously his further observation that all is not gray overseas. Among the negative factors he notes are higher capital costs, longer lead times to bring discoveries into production, and higher foreign government tax rates. Less discussed publicly, but clearly at the forefront of oil company concerns, are the demands of corrupt foreign political leaders as well as the ultimate nightmare, outright nationalization.

Perhaps nowhere are these problems more evident than in the former Soviet Union, where oil companies are circling

like vultures over the vast oil resources of the broken pieces of the body politic. While western oil executives would like nothing better than to plunge their beaks into these reserves and there is much talk of how the companies will revive the industry there, we would do well to heed the advice of John Mitchell, former Nixon attorney general and convicted felon, to "Watch what they do, not what they say."

On that score, the *Oil and Gas Journal* last December headlined a story, "Soviet business chaos seen lasting five years." (December 16, 1991, p.22) More recently, on March 16, 1992, a *Journal* headline bemoaned "Political chaos reigns progress on new joint ventures in Russia," while this summer the *New York Times* discussed oil company doubts about how long highly educated Soviet petroleum engineers and economists would allow western oil investments to suck huge profits out of the country. Since one of the first acts of the newly born Soviet Union in 1917 was to nationalize its oil industry, the oil company officials can hardly be unaware of the dangers.

Meanwhile, until the time, if ever, that the companies can completely replace U.S. crude oil production, they still must deal with their domestic workers. And this is even more true in refining, since there are no signs that the companies can afford in the very short run to move this key function abroad. Here what we are seeing, as this audience can detail far better than I can, is a savage process of layoffs, speedups, contracting-out, and erosion of safety standards and working conditions, along with unrelenting pressure on wages and benefits—all designed to squeeze every drop of blood out of labor as a whole in order to squeeze every drop of oil out of the barrel at minimum cost, all under the euphemism of "restructuring."

Unfortunately the future is likely to bring more of the same, and in even more vicious form. The basic reason is that as the overall economic crisis continues and deepens, pressures on oil company management will be even greater. We are already seeing the penalties inflicted on even top man-

agement for failure to deliver immediate high profits—for example, the recent abrupt replacement of Robert Horton as chief executive of British Petroleum. Middle management and labor are both even more vulnerable than golden-parachuted top management.

To fully appreciate this situation, you need to hear it from the horse's mouth. So I want now to quote at some length from an important article in the November 18, 1991, issue of the *Oil and Gas Journal*, whose cover headline is "Managing in the '90s." The article, labelled as an American Petroleum Industry Report and hence clearly representing the industry's official position, was written by Jeffrey A. Schmidt, vice-president of the management consulting firm of Towers Perrin and director of their worldwide petroleum, mining, and chemicals operations.

Schmidt begins the article, which is entitled "Cost Restructuring: Challenge of the 1990s," by laying out in clear terms what managements' goals should be. "Management must also have a sense of urgency and single-minded commitment to the corporate mission: namely to create value for shareholders and to be among the best performing companies in the peer group. Such a commitment should be framed in terms of nonnegotiable performance goals that management will attain by specific dates."

He then goes on to note, "While every management hopes to have seen the last of severance programs, a recent survey we conducted suggests more cost cutting, not less." Lest some in management feel a little bit queasy about this, Schmidt goes on to remind them about the new realities: "Over the past three years, 40 percent of the positions eliminated in the Fortune 500 through cost restructuring programs have been white-collar positions. Similarly, most of the job eliminations in the petroleum industry have also focused on white-collar employees."

One might ask why we need all this cost-cutting, and Schmidt gives us the answer, which may seem obscure to us but is crystal clear to management: "Recent productivity gains

notwithstanding, current returns on investment capital remain below costs of capital (12 percent on average) and reinvestment hurdle rates for most of the major integrated companies (usually 15-20 percent)." In plain English, this means oil companies want to get at least a 12 percent a year profit rate on their existing assets and 15 to 20 percent on any new investments. These are the kind of historically obscene profit rates that the oil companies expect as their due, while in a free market economy oil workers can only take what little savings they have to the bank and get 3 percent! The enthusiasm of the oil companies for this market system is reminiscent of the elephant who cried out, as he danced among the chickens, "Every man for himself!"

Schmidt concludes his clarion call to industry as follows:

Cost cutting will be necessary for these companies, but significant productivity improvement is also imperative. . . . As with productivity, containing growth in total employment costs will become an especially important priority of petroleum management in the coming years. . . . reducing total employment costs will be among the most vexing challenges for oil and gas company management in the 1990s. Given the composition of these costs and the rate of their escalation (e.g., due to retiree medical expenses), management will need to contain pay and benefits at affordable levels while exhorting employees to work harder and smarter. This will be no mean feat.

No mean feat indeed! I trust this conference will give a suitably resounding reply to the industry as it throws down the gauntlet. As you go into battle with management, you need to remember that despite all their poor-mouthing, oil company profits are still at record levels. Since your very impressive briefing notebook goes into this question in detail, I need not dwell on it. Instead, I will just mention the following summary data from Value Line's continuing survey of the leading thirty integrated oil companies. To wit, while their net profits peaked in 1990 at \$28 billion, and fell back to an projected \$26 billion in 1992, cash flow, or profits plus depreciation allowances, continued at record highs in both years, about

\$61 billion. Moreover, while Value Line's projections for a 1996 cash flow of \$81 billion may be based over-optimistically on a cyclical recovery in the economy, their underlying projection of depreciation increasing from \$35 billion in 1992 to \$45 billion in 1996 is likely to be close to the mark, since depreciation charges are mere bookkeeping entries based largely on past events.

To put these profit and cash flow numbers into context, my old boss Exxon's 101 thousand employees received total wages, salaries, and benefits of \$6.1 billion in 1991, compared to Exxon's net profits of \$5.6 billion and its total cash flow of \$10.4 billion. In other words, while all employees at Exxon, management and workers combined, averaged about \$60 thousand per year, the company pocketed net profits per employee of \$55 thousand and a cash flow of over \$100 thousand. One doesn't have to be a rocket scientist to realize that in this situation there is ample room for increasing workers' wages and benefit, or improving working conditions by trickling some money down from either the shareholders or from overpaid top management. The top twenty three executive officers at Exxon last year paid themselves \$14 million, or over \$600 thousand apiece. And since these are salaries to kill for, you can surely expect to face some real pit bulls in your upcoming negotiations!

One final problem facing you, which I have time only to mention, is the global environmental crisis, which in my view is as important a backdrop to industry prospects as the international economic crisis. This view was reinforced by my attendance in June at the Earth Summit in Rio de Janeiro as a correspondent for *The OCAW Reporter*. The bottom line of the environmental issue is a message from the scientific world which is not good news for OCAW members, and I trust you will not stone me for bringing it. Unbiased scientists generally agree that for the survival of all of us, as quickly as possible the hydrocarbon industry has to be shrunk and the nuclear power industry eliminated completely, to be replaced by renewable and non-polluting energy sources such as solar

and wind power. And while the energy companies may fight a rear-guard action like that of the tobacco companies, which tried to deny the harmful effects of their products in order to preserve their profits, surely the OCAW does not want to participate in such an unholy crusade.

After all, OCAW members are the first to be hurt by environmental pollution originating in the industries in which they work, and even more important, OCAW members are not just workers but citizens who breathe the air and drink the water both on and off the job. And they are also neighbors, parents, and grandparents. As such, they have a concern not just for their jobs but for the survival of their communities and their families. Indeed, OCAW above all other unions can take great pride in its pioneering efforts to put forth rational solutions to the short-run conflict between jobs and the environment, by uniting with environmental groups to oppose pollution and by calling for the setting up of a superfund to pay for meaningful retraining of the workers whose jobs must go in order to save the environment.

Nevertheless, the message I wish to bring you today is that global warming, the hole in the ozone layer, and the other crises of the environment are far more serious and pressing than we are being told by political and corporate leaders, whose short time horizons make them want to go on with business as usual. When combined with the problem of a stagnating international economy, I believe that the pressures for job layoffs in the energy industry are going to be enormous. So while the workers' superfund is a great idea, I believe it needs ultimately to be expanded to a retraining fund for all energy workers who get laid off, regardless of cause. And in a rational and humane world, would it be too much to give pensions to older laid-off workers who have given their life-blood to provide the vital energy used by this country?

Moreover, while I am confident that you will do all that you can in the upcoming negotiations to preserve oil workers' legitimate jobs, clearly it is unfair to place the burden of

dealing with what is an overall societal problem on one union—and a union which is facing the mightiest aggregate of capital in world history.

And that brings me to the punch-line of this talk. To provide realistic long-run solutions for the oil and energy workers' problems requires more than the efforts of one union, or even of organized labor as a whole, which now represents less than 15 percent of the labor force. No, in the long run—and I might note that with the environmental crisis growing rapidly the long run may not be very long at all—broad elements of society must unite behind really progressive political action. And such action must, in my opinion, have a truly internationalist outlook. Just as this nation came to see 130 years ago that it could not survive half free and half slave, today this world must come to see that it cannot survive with 10 percent of humanity living in relative affluence and 90 percent living in dire poverty.

NEWS OF THE MONTHLY REVIEW ESSAY CONTEST

A large number of entries was submitted to our contest. They are now being evaluated by a panel. All contestants will receive a complimentary subscription to *Monthly Review* for one year in appreciation of their participation.

MARXISM TODAY: AN INTERVIEW WITH ISTVÁN MÉSZÁROS

This is a somewhat abbreviated version of an interview published in the British journal Radical Philosophy (No. 62). The interview was conducted by Chris Arthur and Joseph McCarney in April 1992 and is included here with permission. Introducing the interview, the editors wrote as follows: "István Mészáros left Hungary after the Soviet invasion of 1956. He recently retired from a Chair in Philosophy at the University of Sussex. He established his reputation in the English-speaking world with his widely translated Marx's Theory of Alienation, (1970), which was awarded the Isaac Deutscher Memorial Prize. His work has been particularly well received in Latin America, and The Power of Ideology (1989), his most recently published work, was highly acclaimed both in Britain and abroad. Mészáros' thought is characterized by a fiercely combative Marxism, and a socialist commitment undiminished by recent events. He is currently developing some original ideas about the theory and practice of the transition to socialism. His forthcoming book, Beyond Capital: Towards a Theory of Transition, will be published by the Merlin Press next spring."—The Editors

Sartre's Alternative

RP: You met Sartre in 1957. Why did you decide to write a book on him [*The Work of Sartre: Search for Freedom*, 1979]?

Mészáros: I always felt that Marxists owed a great debt to Sartre because we live in an age in which the power of capital is overbearing, where, significantly, the commonplace platitude of politicians is that "there is no alternative," whether you think of Mrs. Thatcher, "there is no alternative," or

Gorbachev, who endlessly repeated the same until he had to find out, like Mrs. Thatcher, that after all there had to be an alternative to both of them. But it goes on and on, and if you look around and think of how Conservative or Labor politicians talk, they always talk about "there is no alternative," and the underlying pressures are felt everywhere. Sartre was a man who always preached the diametrical opposite: there is an alternative, there must be an alternative; you as an individual have to rebel against this power, this monstrous power of capital. Marxists on the whole failed to voice that side. I don't say that you have to become therefore an existentialist or a politically committed existentialist in order to face it, but there is no one in the last fifty years of philosophy and literature who tried to hammer it home with such single-mindedness and determination as Sartre did: the necessity that there has to be a rebellion against this wisdom of "there is no alternative" and there has to be an individual participation in it. I don't embrace his ideas but I embrace the aim. How you realize that aim is up to you in the context of your own approach, but the aim is something without which we won't get anywhere. Sartre today in France is a very embarrassing person even to mention. Why? Because what happened is that in the name of privatism and individualism they have totally sold out to the powers of repression, a capitulation to the forces of "there is no alternative," and that's why Sartre is a terrible reminder. When you also look into the background of the people we are talking about, post-modernists of a great variety, they very often were politically engaged people. But their engagement was skin-deep. Some of these people, around 1968, were more Maoist than the extreme Maoists in China, and now they have embraced the right in a most enthusiastic way; or they were in the "Socialism or Barbarism" group and have become the peddlers of the most stupid platitudes of post-modernity. What these people have lost is their frame of reference. In France intellectual life used

to be dominated in one way or another by the Communist Party. That goes also for Sartre who tried criticizing it from outside and pushing it in a direction which he embraced until he had to come to the conclusion that work in collaboration with the Communist Party is both necessary and impossible, which is a terrible, bitter dilemma. He said this at the time of the Algerian war when the role of the Communist Party was absolutely disgraceful. That's what made it necessary, because you need a movement to oppose the repressive force of the state; and impossible, because look what that movement is like. What happened, of course, was the disintegration of the Communist Party like several other parties of the Third International in the last two decades. And with the sinking of this big ship in relation to which all these intellectuals defined themselves in one way or another, here are these intellectuals left behind: the ship has disappeared and they find themselves in their self-inflated rubber dinghies throwing darts at each other. Not a very reassuring sight: and they are not going to get out of it by simply fantasizing about some individuality which doesn't exist; because true individuality is inconceivable without a community with which you relate yourself and define yourself.

Marxism Today

RP: You have lived in various countries. Why did you settle in England? Surely English culture is not very congenial to your kind of thought?

Mészáros: Well, I beg to differ because I had actually quite a long relationship to English-speaking culture way before I left Hungary. I had been a great admirer of a certain line of thought from Hobbes to other great figures of the English and Scottish Enlightenment and these really meant a hell of a lot to me, because they had a great message for the future and have to be an integral part of your own work. Another reason

was that I was always a great admirer of English and Scottish poetry from Shakespeare to the present. And the third reason which I found equally important is that I always thought of England as the country of the Industrial Revolution which went with a working class with tremendously deep roots, and that remains despite everything. I think you have to relate yourself to something: political and social commitment cannot be in thin air or in a vacuum. I am deeply committed to the working class, and that is how I think of the future intellectually. Theoretically there must be points of reference: there cannot be social transformation without an agency and the only agency conceivable under the present condition to take us out of this mess is labor—labor in the sense Marx was talking about and which we have to rediscover for ourselves under our present conditions.

RP: Your most recent book is *The Power of Ideology*. The last part has some interesting criticisms of Marx. What do we have to rethink in Marx's legacy?

Mészáros: Well, we have to relate him to his time which does not mean we have to in any way abandon the framework of his theory. The framework of Marxian theory remains the overall horizon also of our activity, our orientation, because it embraces the whole epoch, this epoch of capital in crisis and the necessity of finding a way out of it. However, historical circumstances change and some of the things about which I wrote in *The Power of Ideology* show that he had to take short-cuts. For well over ten years I have tried to draw attention to this passage in which Marx talks about this little corner of the world. Europe is after all only a little corner of the world. What is it for us socialists, what is the meaning of it, that capital on a much larger terrain, the rest of the world, not this little corner of the world, is in its ascendancy? He decided to put that on the side and proceed from the horizon and

perspective of the little corner of the world which Europe was. And that was a conscious choice for him.

RP: In recent papers on socialist transformation, you have introduced an important distinction between capital and capitalism. Can you explain this distinction and its significance for socialist struggle?

Mészáros: Well, in fact this distinction goes back to Marx himself. I pointed out several times that Marx didn't entitle his main work "*Capitalism*," but "*Capital*," and I also underlined that the subtitle of Volume One was mistranslated under Engels' supervision as "the capitalist production process," when in fact it is "the production process of capital," which has a radically different meaning. What is at stake of course here is that the object, the target, of socialist transformation is overcoming the power of capital. Capitalism is a relatively easy object in this enterprise because you can in a sense abolish capitalism through revolutionary upheaval and intervention at the level of politics, the expropriation of the capitalist. You have put an end to capitalism but you have not even touched the power of capital when you have done it. Capital is not dependent on the power of capitalism and this is important also in the sense that capital precedes capitalism by thousands of years. Capital can survive capitalism, hopefully not by thousands of years, but when capitalism is overthrown in a limited area, the power of capital continues even if it is in a hybrid form.

The Soviet Union was not capitalist, not even state capitalist. But the Soviet system was very much dominated by the power of capital: the division of labor remained intact, the hierarchical command structure of capital remained. Capital is a command system whose mode of functioning is accumulation-oriented, and the accumulation can be secured in a number of different ways. In the Soviet Union surplus labor was extracted in a political way and this is what came into crisis in recent years: The politically regulated extraction of surplus

labor became untenable for a variety of reasons. The political control of labor power is not what you might consider an ideal or optimal way of controlling the labor process. Under capitalism in the West what we have is an economically regulated extraction of surplus labor and surplus value. In the Soviet system this was done in a very improper fashion from the point of view of productivity because labor retained a hell of a lot of power in the form of negative acts, defiance, sabotage, moonlighting, etc., through which one could not even dream of achieving the kind of productivity which is feasible elsewhere, and which undermined the *raison d'être* of this system under Stalin and his successors, politically forced accumulation. The accumulation part of it became stuck and that is why the whole system had to collapse. I published in Italy a long essay in Spring of 1982, in which I explicitly stated that, whereas the old U.S. policies for the military-political rollback of Soviet-type socialism were not likely to succeed, what was happening in Eastern Europe is likely to lead to the restoration of capitalism. I also found for the same reason the idea of market socialism a contradiction in terms, because it would, in a wishful concept, want to wed the two modalities: of the economic extraction of surplus labor with the politically regulated extraction—so that was why it was always a non-starter really.

What is absolutely crucial is to recognize that capital is a metabolic system, a social-economic metabolic system of control. You can overthrow the capitalist but the factory system remains, the division of labor remains, nothing has changed in the metabolic functions of society. Indeed, sooner or later you find the need for reassigning those forms of control to personalities, and that's how the bureaucracy comes into existence. The bureaucracy is a function of this command structure under the changed circumstances where in the absence of the private capitalist you have to find an equivalent to that control. I think this is a very important conclusion, because very often the notion of bureaucracy is pushed forward as a kind of mythical, explanatory framework, and it

doesn't explain anything. The bureaucracy itself needs explanation. How come this bureaucracy arises? When you use it as a kind of *deus ex machina* that explains everything in terms of bureaucracy, if you get rid of bureaucracy then everything will be all right. But you don't get rid of bureaucracy unless you attack the social economic foundation and devise an alternative way of regulating the metabolic process of society in such a way that the power of capital at first is curtailed and is of course in the end done away with altogether. Capital is a controlling force, you cannot control capital, you can do away with it only through the transformation of the whole complex of metabolic relationships of society, you cannot just fiddle with it. It either controls you or you do away with it, there is no halfway house between, and that's why the idea of market socialism could not conceivably function from the very beginning. The real need is not for the restoration of the capitalist market under the name of an utterly fictitious social market, but for the adoption of a proper system of incentives. There is no social production system which can function without incentives, and who are the people to whom these incentives have to be related? Not abstract collective entities but individuals. So if people as individuals are not interested, not involved in the production process, in the regulation of the social metabolic process, then sooner or later they assume a negative or even an actively hostile attitude towards it.

RP: Are we talking about material incentives?

Mészáros: It can be both. The opposition between moral and material incentives is often a very rhetorical one, an abstract and rhetorical one, because if the result of this intervention and participation in the social processes is a better production, an increasing productivity, activation of the potentialities of the individuals involved, then it becomes a material incentive. But in as much as they are in control of their own life processes, it is also a moral incentive, so the two go hand-in-hand. Material and moral incentives have to go hand-in-hand. It is a question of control of the processes of

this social economic system in which the activation of the repressed potential of the people is also an incentive. Material incentives in our society as presented to us always divide people against one another. You can see this everywhere, in every profession, teaching, university, every walk of life: the incentives work on the presumption that we can divide people from one another in order to control them better; that's the whole process. Now if you then reverse this relationship and say that people are in control of what they are involved in, then the divisiveness doesn't work any longer because they are not the suffering subjects of that sort of system. So material incentives and moral incentives can also be egalitarian in character. That is the tragedy of the Soviet-type of development. When they talk about the collapse of socialism in relation to that, it's a grotesque misrepresentation of the facts, because socialism was not even started, not even the first steps have been taken in the direction of a socialist transformation whose target can only be to overcome the power of capital and to overcome the social division of labor, to overcome the power of the state which is also a command structure regulating the lives of the people from above.

Mickey Mouse Socialism

RP: You talk about challenging the power of capital and I wondered if you could say a bit more about the practical implications, the implications for socialist struggle of your distinction between capital and capitalism.

Mészáros: First of all, the strategy which you have to envisage has to be spelled out in those terms. Socialists cannot carry on with the illusion that all you have to do is abolish private capitalism—because the real problem remains. We are really in a profound historical crisis. This process of the expansion of capital embracing the globe itself has been more or less accomplished. What we have witnessed in the last couple of

decades is the structural crisis of capital. I always maintained that there is a big difference from the time when Marx talked about crisis in terms of the crisis that discharges itself in the form of great thunderstorms. Now it doesn't have to discharge itself in thunderstorms. What is characteristic in the crisis of our time is precipitations of varying intensity, tending towards a depressed continuum. Recently we started to talk about double-dip recession, soon we will talk about triple-dip recession. What I am saying is that this tendency towards a depressed continuum, where one recession follows another, is not a condition which can be maintained indefinitely because at the end it reactivates capital's internal explosive contradictions with a vengeance, and there are also some absolute limits which one has to consider in that respect.

Remember, I am talking about the structural crisis of capital, which is a much more serious problem than the crisis of capitalism because one way to get out of the crisis of capitalism in principle was a state regulation of the economy, and in some respects on the outer horizon of the Western capitalist system you can allow for its possibility. State capitalism can arise when the Western capitalist system is in deepest trouble, but again I would say it's not a tenable solution in the long run because the same kinds of contradictions are reactivated, namely the contradiction between the political and the economic extraction of surplus labor. I'm not talking about fictitious future events. Think of fascism, think of the Nazi system which attempted this kind of corporate state regulation of the system in order to get out of the crisis of German capitalism at that given time of history. Therefore what we are considering here is that all those ways of displacing temporarily the internal contradictions of capital are being exhausted. The world as a whole is very insecure. The overwhelming majority of humanity lives in the most abominable conditions. Whatever happened to the modernization of these countries? It has taken such forms of robbery and extraction and mindless refusal to consider even the im-

plications for the survival of humanity—the way in which these territories and the population of these territories have been treated—that the whole thing has been totally undermined, and today you find a situation in which nobody believes any more in the modernization of the so-called “Third World.” And that is why that depressed continuum is, in the long run, an untenable situation and for that reason a social transformation must be feasible. But it is not feasible through the revitalization of capital. It can only be done on the basis of a radical departure from the logic of this accumulation-orientated mindless destructive control.

This tremendous crisis I am talking about saw not only the virtual extinction of the Communist parties, the parties of the Third International, but also the extinction of the parties of the Second International. For about a hundred years those who believed in the virtues of evolutionary socialism and reform were talking about the transformation of society which leads towards socialist relations of humanity. This has gone totally out of the window even in terms of their own programs and perspectives. You have seen recently that the socialist parties of the Second International, and their various associates, have suffered quite devastating setbacks and defeats in every single country: in France, in Italy, in Germany, in Belgium and the Scandinavian countries, and now recently also in England, the fourth successive defeat for the Labor Party. It was quite appropriate that this serial defeat in all these countries coincided with the celebratory opening of Euro Disneyland, because what these parties themselves have adopted in this historical period, in their response to the crisis, is some kind of Mickey Mouse socialism and this Mickey Mouse socialism is totally incapable of intervening in the social process. That is why it is not accidental that these parties adopt the wisdom of capital as an irreplaceable system. The leader of the Labor Party once declared that the task of socialists is the better management of capitalism. Now this kind of preposterous nonsense is in itself a contradiction. It is a contradiction in terms because it is extremely presumptu-

ous to think that the capitalist system would work better with a Laborite government. The problems continue to become more severe, and the political system is incapable of responding because the political system operates under the ever narrowing constraints of capital. Capital as such doesn't allow any more margin for manoeuvre. The margin of manoeuvre for political movements and parliamentary forces was incomparably greater in the nineteenth century or in the first third of the twentieth century. Britain is already part of Europe and there is no way in which you can unwind that process, in the sense that little England will be capable of solving these problems.

But that immediately also raises the question, how do we relate ourselves to the rest of the world? With what happened in the East, in the Soviet Union? A new fundamental problem has arisen on the horizon. In the case of Russia I read recently that, in addition to the \$25 billion which exist in the form of promises from the West, Russia will need this year alone another \$20 billion. Where are we going to find these billions which Russia needs for this process when the American debt itself is quite astronomical? The problems of this world are becoming so intertwined, so enmeshed with one another, that you can't think of partial resolution to them. Fundamental structural changes are needed. The two and a half decades of expansion after the Second World War was followed by deepening malaise, the collapse of the earlier cherished strategies, the end of Keynesianism, the appearance of monetarism, etc., and all of them leading nowhere. When self-complacent people like John Major say socialism is dead, capitalism works, we must ask: capitalism works for whom and for how long? I read recently that the directors of Merrill Lynch received, one \$16.5 million, another \$14 million, and another ten or fifteen of them, \$5.5 million each, as annual remuneration. It works very well for them, but how does it work for the people in Africa, where you see them every day on your television screen? Or in vast areas of Latin America, or in India, or in Pakistan, or in Bangladesh? I could continue

and name the countries where you are talking about thousands of millions of people who can hardly survive.

RP: The agent of change in this situation, the revolutionary subject, is still in your view the working class?

Mészáros: Undoubtedly, there cannot be any other. I remember there was a time when Herbert Marcuse was dreaming about new social agents, the intellectuals and the outcasts, but neither of them had the power to implement change. The intellectuals can play an important role in defining strategies, but it cannot be that the outcasts are the force which implements this change. The only force which can introduce this change and make it work is society's producers, who have the repressed energies and potentialities through which all those problems and contradictions can be solved. The only agency which can rectify this situation, which can assert itself, and find fulfillment in the process of asserting itself, is the working class.

The Problem Of Organization

RP: What about its form of organization? Do you think new forms of organization are needed? Some people say the old-style political party is irrelevant.

Mészáros: Yes, I would completely agree with that. The old-style political party is integrated into the parliamentary system which itself has outlived its historical relevance. It was in existence well before the working class appeared on the historical horizon as a social agency. The working class had to accommodate itself and constrain itself in accordance with whatever possibilities that framework provided and consequently it could produce only defensive organizations. All organizations of the working class which have been historically constituted—its political parties and trade unions have been the most important of them—all of them were defensive

organizations. Now they worked up to a point, and that was why the reformist perspective of evolutionary socialism was successful for so many years, because partial improvements could be gained. The working-class standards of living in the G7 countries have risen enormously in this period. When Marx was saying in the *Communist Manifesto* that the working class only has chains to lose, that is certainly not true of the working class of the G7 countries today or even yesterday. They have been very successful in improving their standard of living throughout this historical period until the last decade or so. What happened in the last decade or decade and a half was the coming to an end of this process because capital can no longer afford to grant benefits and significant gains to the working classes. Capital never gave anything away. If it was in tune with its own internal logic of expansion, self-expansion, then those gains could be provided. In fact they became dynamic factors in this self-expansory process. That is not the case now. That's why we are in the situation that the health service is in crisis, the education system is in crisis, the welfare state as a whole is in crisis. So the historical end of this process reopens the question: if the working class cannot obtain defensive gains any longer, through what strategies can it transform society?

RP: What I had in mind is more the extra-parliamentary parties like Lenin's Bolsheviks or the Chinese Communist Party which succeeded in destroying capitalism. Are they historically outmoded?

Mészáros: Yes, completely. Even those parties remained constrained by the perspective of parliamentarianism, and Lenin himself was in favor of these parties operating within the parliamentary framework. So what is of course an immense problem for the historical agency of transformation is that capital is, by definition, and very effectively in its mode of acting and functioning, an extra-parliamentary force. The

extra-parliamentary force would be the trade unions, but the trade unions identified themselves with the reformist parties, and that constrained them. There will be no advance whatsoever until the working class movement, the socialist movement, is re-articulated in the form of becoming capable of offensive action, through its appropriate institutions and through its extra-parliamentary force. The parliament, if it is to become meaningful at all in the future, has to be revitalized, and can only be if it acquires an extra-parliamentary force in conjunction with the radical political movement that can also be active through parliament.

RP: What do you think of the current state of Marxist philosophy?

Mészáros: I think Marxist philosophy in general finds itself in a very difficult situation precisely for the reasons we are talking about, because we are in a major historical crisis, and disorientation is the rule of the day and what happened in the East has greatly affected socialists and Marxists in the West and understandably so. It has to go through a process of reevaluation and heart searching and redefinition of all kinds of things. I find the situation in Latin America, for instance, much more interesting, the intellectual ferment which is going on there is much more interesting for the time being than what I could point to here. But I don't think this is a permanent condition, and I am the last to suggest that a radical socialist transformation can come out of these areas alone. In fact I am paradoxically convinced that the future of socialism will be decided in the United States, however pessimistic this may sound. I try to hint at this in the last section of *The Power of Ideology* where I discuss the problem of universality. Socialism either can assert itself universally and in such a way that it embraces all those areas, including the most developed capitalist areas of the world, or it won't succeed.

The world is one. I always rejected the notion of a “Third World”: there is only one world. I am convinced that a revival of Marxist thought in the future will also come here in response to the problems and demands of the age, especially when some of the mystifications of the past are swept away. For how much longer can people be fooled with the idea that if they wait long enough then, through social democratic processes of reform and evolutionary socialism, one day their problems will be solved? I don’t think that many people believe this today and there was plenty of evidence in the elections all over Europe that this idea has been profoundly discredited. When parliamentary expectations are bitterly disappointed, people move in the direction of taking action. We had a very dramatic case in the recent past with the opposition to the Poll Tax and the defeat of Margaret Thatcher, who was considered permanent, undefeatable, through that process. And now, after the British general election, in Scotland people are talking about direct action, even civil disobedience, in order to assert what they consider to be their legitimate interest of securing their own parliament or even their independence. So these are the kind of social events, social movements, in relation to which Marxist philosophy, Marxist thought in general can redefine itself.

RP: Presumably what needs to happen is that the workers in the United States form links and make common cause with workers in the Third World. But how can they? These workers are to some extent living on a transfer of value from these same countries.

Mészáros: This is one of the problems, and that’s where also a critique of Marx has to be indicated, because the working class itself is fragmented, is divided, there are so many contradictions. In the United States in the last ten years the standard of living of the working class has gone down. So we are talking about a process, we are not talking about wish objects but realities which are happening in our times. In January 1971

I gave the Isaac Deutscher Memorial Lecture, "The Necessity of Social Control," and I indicated there the beginning of structural unemployment. Now unemployment at that time in Britain was well under one million. Today, even after twenty-three times of falsifying the true unemployment figures, it is officially around 2.7 million. And no commitment even from the Labor Party to a return to full employment. That is the measure of the changes that are taking place. It is a massive contradiction when you declare a very large portion of the population superfluous. This portion of the population is not going to remain always meek and compliant and resigned to the conditions to which it is condemned. So things are happening, things are changing. But these changes will have to go deeper and I am convinced that they will.

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CONVERSATIONS WITH BONDY

by BENJAMIN B. PAGE

Nineteen ninety two was a busy year for Egon Bondy, much of it spent visiting almost every part of Czechoslovakia, often in tiring one-night stands. Some of this travel and frequent public speaking was done on behalf of the Left Bloc, a coalition that won the second largest vote in last June's parliamentary elections. The more extensive and prolonged travel, however, was connected with an exhibit of the work of younger, lesser-known post-modernist artists. Bondy was invited to help organize the exhibit and locate and select the work to be included, and to write the catalog.

This is a small illustration of the difficulty of pigeon-holing Bondy. In addition to being a political activist and art critic he is a poet, a playwright, a novelist, and, above all, a philosopher, with four decades of significant work published in all of these fields, whether in samizdat, as lyrics by the underground rock group Plastic People of the Universe, or in print. Yet this hardly makes Bondy the jack-of-all-trades he might seem. All of his work is in one way or another related to his philosophical understanding and commitments, and a nearly lifelong readiness to act upon the conclusions that follow from them.

Bondy's primary concern has always been the field of ontology—the exploration of the nature and meaning of being (including, of course, human being) and of the basic categories of understanding.

Benjamin B. Page is Professor of Philosophy at Quinnipiac College. He is the author of several articles on Czechoslovakia, some of which were published in MR in the 1960s, as well as the book *The Czechoslovak Reform Movement of 1963-1968*. Recently he edited a new book entitled *Marxism and Spirituality: An International Anthology*, (Westport Connecticut: Bergin and Garvey, 1993) which contains the contribution "Why I am Still a Marxist" by Egon Bondy.

However abstract this may sound, it is intimately related to his analysis of and activity in the actual conditions of the world today. Having studied much of Western and Oriental philosophy (He published a fourteen-volume history of world philosophy in samizdat(!); the first volume has just appeared in print.), Bondy finds that Marxism offers him the best methodological framework. Its inherent atheism and commitment to classlessness, freedom, creativity, self-affirmation, and community correspond to and enrich his own philosophical, moral, and aesthetic commitments. These perspectives underlay Bondy's decades of opposition to the Party-dominated authoritarian socialism imposed on Czechoslovakia in 1948 (and reimposed in senile form twenty years later); they underlie his continuing dissent from the current project of returning Czechoslovakia to right-wing capitalism.

My family and I have known Bondy (by his real name, Zbynek Fiser) for nearly three decades. We met as fellow participants in the Christian-Marxist dialogue that flourished in Prague in the sixties; he considers himself not our son's Godfather but his Marxfather. I recently spent several days with Bondy and Julia, his partner of more than thirty years, at their little house in southern Bohemia.

*After all the activity of the first half of this year, Bondy is having a moment of quiet. He and Julia are both feeling the effects of advancing age and illness. More importantly, he is feeling quite profoundly something that is new to him. It is not depression; he has known that all too well at times. If he were a theist, he says, he would describe it as a readiness to say, "Into Thy hands I commend my spirit." But there is no Thee. In *The Consolation of Ontology*, published by the Academy of Sciences in 1967, Bondy demonstrated the philosophical untenability and negative human and social implications of all conceptions that posit the existence of any sort of ontological substance, whether God, as in theism, or matter, as in mechanical materialism. This, however, is not a source of despair. He feels an active peacefulness, a readiness to let go of ego and follow wherever his understanding of the nature of being leads.*

It has been suggested that Bondy's continuing dissent is based on "sour grapes" at not having been included in the inner circle gathered around Havel. However Bondy, since the mid-1980's, has been a sharp critic of the very existence of such a circle and of its

dominance of the Charter 77 human rights movement that became Civic Forum—a critic, specifically, of the lack of democracy within a movement ostensibly committed to the restoration of democracy. It was then that he first began referring to this inner circle as “the shadow establishment.”

Since gout prevented Julia from performing her customary role as hostess, Bondy served us a repast of chickpeas and garlic with a sort of plum cobbler he had made for dessert. He began to expostulate before dinner was done. What follows is drawn from what he said over the next few days:

By itself what happens here in Czechoslovakia is of little matter. What is important is the larger picture in which we are playing little more than a bit part. In this context, it is well to observe how, from the outset, it has been not Václav Havel but Václav Klaus who has given shape and direction to our course, first as Federal Finance Minister, and as Czech Prime Minister since last June’s parliamentary elections. This raises the question of how Klaus got into the picture so early and so completely. In this regard, it is well to keep in mind that Havel, however well known in the West, was—unlike Walesa in Poland—hardly known at home outside the small community of dissidents and human rights advocates at the time he became president; that he was a novice in politics and economics; and that the President’s constitutional powers are largely ceremonial in any case.

As an economist who had studied in the West, including the United States, and who had made himself known in international financial circles, Klaus always distanced himself from the dissident and human rights movements. Few of those who created Civic Forum even knew who he was when he started showing up at the public discussions in the theaters that preceded the “velvet revolution.” But Havel had known who he was since the mid 1980s when Rita Klimová (later to be Ambassador to the United States) introduced Havel to the man she reportedly referred to as “our Minister of Finance”; Klaus became Havel’s backstage economics advisor. Whether

Klimová or Havel knew of the economic program Klaus would impose is an open question. What seems clear is that unlike the “homegrown” Walesa, both Klaus and Havel were cultivated first by the West and “planted” in Czechoslovakia.

Remember that the demonstrations that brought down the Communist regime called for democracy, an end to human rights abuses, and a return to the project of reforming socialism, of building “socialism with a human face.” Klaus has pushed instead for the total reprivatization of the economy and the introduction of radical “market relations,” regardless of the social and human consequences, despite Havel’s warnings about the dangers of “consumer society,” and regardless of the prospect that insisting on the same program for Slovakia was likely to split the country. Of course Meciar (Vladimir; like Klaus, he became Prime Minister—of Slovakia—as a result of the Parliamentary elections) and his crew are playing into Klaus’s hands with all their noise about “sovereignty,” and their conduct since coming to office in June has been disturbingly reminiscent of the worst of fascist political behavior. Nonetheless, although opinion polls show that neither most Czechs nor most Slovaks favor terminating our Federation, these two men, neither of whose parties got over thirty percent in the elections, are illegally and unconstitutionally pushing ahead with the division of the country. Neither of them wants to risk a referendum, the only possibly legal means; they both fear the outcome and what it might do to their careers. Those who support Klaus see Bohemia and Moravia again becoming wealthy, as we were during the First Republic (1918-1938), and doing so sooner if we no longer have to “support” Slovakia—which they write off in any case because it is so much further to the left. Havel might have been able to do something—last year Parliament authorized him to call a referendum—but he removed himself from the scene three months before his term expired. The rest of us are increasingly aware that division will mean suicide for both parts, but people are more or less resigned to a process that now hardly seems stoppable.

But there's no reason to believe that what is going on here is the outcome of internal forces alone. There is an all too evident pattern to the division and breakup among the formerly-socialist countries. From all of this, one country and only one will benefit. The collapse of the U.S.S.R means that Europe can also liberate itself from the United States, but in the vast power vacuum that remains in the East, Germany will become dominant and establish its hegemony over the old Soviet bloc, if not indeed over Europe as a whole. If ancient ethnic differences, most of them long forgotten, can be fanned to the point of conflict, if Yugoslavia, the Soviet Union, and now Czechoslovakia can be induced to commit suicide, Germany can fulfill its "destiny" all the more easily. It can even offer itself—and be accepted "with gratitude"—as the guarantor of peace in the East. At long last it has found how to realize its ancient dream of "*drang nach osten*."

In our case I see a certain parallel with 1938. Now as then Germany is interested in Bohemia and Moravia, the parts of Czechoslovakia that were for centuries associated with the first Reich, the Holy Roman Empire. For a thousand years, until 1918, Slovakia was part of Hungary. Germany has never been interested in it, least of all now, with its gigantic economic problems. So now as in 1938 the question is what to do with Slovakia—how to "get rid of it." And now as then the idea of independence seems a "natural" solution.

What will happen to Bohemia and Moravia without Slovakia is probably about what happened after 1938: economic and, possibly, eventual political absorption into Germany. And Slovakia? There too there is a potential border problem, this time with Hungary—which, as one of Germany's most faithful allies in two world wars has long enjoyed a special status in German policy. In the 1920s Hungary reluctantly accepted border agreements with a Czechoslovak state; should Czechoslovakia cease to exist, the status of Slovakia's borders with Hungary is likely to become an issue. Moreover, as in Yugoslavia and Romania, there is a large Hungarian minority in Slovakia which Meciar, since his June

election, has insisted must be "Slovakized." In turn Hungary has declared its intent to protect Hungarian minorities wherever their ethnic and cultural rights are threatened, by armed force if necessary. It is hardly possible that Hungary could have said anything like this without a quiet go-ahead from Germany.

Some people have thought that what the West wants is our productive capacity, that Western capital would modernize ours and bring it up to date. After all, Bohemia and Moravia were heavily industrialized long before we were communist and were always among the major industrial and agricultural exporters of the Soviet bloc. That is why we were so well off for so long, why we were the last socialist country to "fall." But the West already has excess productive capacity. The last thing it wants is competition from us. I see two other things the West wants. First, Western capital wants to exploit our capacity, cheap labor, and weak ecological restraints to depress social benefits and working conditions in the West itself. In that sense working people in the West are going to feel negative effects from the collapse of the Soviet bloc every bit as much as will the people of the Third World. They and we have lost the only buffer protecting us from unfettered Western economic and cultural penetration. Second, Western (especially German) capital wants our markets—not just the few millions who live here, of course, but those we have been serving throughout the old Soviet bloc and the Third World. If a company like Siemens is interested in the factories where we've been making railroad locomotives for over a century, it is to convert them to making spare parts for the locomotives it intends to sell to our old customers. They may even pay our workers quite well by our standards, but their work will have been de-skilled and our productive capacity made dependent, while the profits leave the country. That's one part of a pattern that is being repeated throughout the economy. The other is that the owners of our newly-privatized businesses (or of businesses returned to their "rightful" pre-1948 owners) find they make more money selling cheaply in the West than they

could here at home. Thus the rest of us have to buy far more expensive Western substitutes, many of them rejects from the Western home markets or made from our own exported raw materials. The decisions about which enterprises are to be privatized locally and which are to be sold to Western interests are made by the Ministry of Finance (which, remember, Klaus headed until his election as Czech Prime Minister) according to criteria that have never been made explicit or public.

The IMF visited in December of 1989 and found we had inherited, after four decades of Communist rule, a debt of only 1.5 billion crowns, that we only needed four billion more to stabilize the economy, and that we had ample resources for repaying. Now, after two and a half years of “market relations,” we have a debt of over ten billion crowns! Of course we’ll have to repay it—through higher prices, unemployment, reduced public spending on things like education, medical care, science, culture, etc. It’s all a pretty typical picture when “leftist” economies are “reformed”—Nicaragua, Chile, and so on. We, who between the wars were one of the wealthiest countries of Europe with one of the most progressive social welfare systems of the time, second only to Sweden—we, who for forty years were one of the two or three most prosperous countries of the socialist camp—we are now intentionally, in the interests of German and international capital, being reduced to the status of a banana republic.

Everything is happening far faster than anyone could have imagined. Klaus and his crew are determined to create a new class as the foundation of their rule, and to do so by any means necessary. Thus they have closed their eyes to (and sometimes participated in) corruption, money laundering (Klaus once said he saw no difference between clean and dirty money; it is all welcome here), and now the division of the country if Slovakia won’t play their game. The “Slovak question” has been holding them up. That’s why they are insisting that Slovakia either accept their economic reform program or go its own way as of this coming January first. They are not even willing to give Slovakia the time it says it would need to

prepare for independence. Even within the Czech lands people are hesitant about Klaus's plans. They know who will benefit. Look at the election results. Only 30 percent overall voted for his party in Bohemia and Moravia, but some 60 percent in Prague. In cartoons Klaus is depicted as a buccaneer standing beside a treasure chest labeled "privatization," with the legend "He took from the poor and gave to the rich."

This "wild West" phase in creating Klaus's new class society is likely to fade out in a year or so, when its builders feel firmly in control and start denying access to those who come later. But his new ruling class won't be ours. It will be at best a comprador bourgeoisie, the representatives and functionaries of local branches of foreign interests. We will become primarily a service economy—local businesses serving both our domestic needs (with goods and services that have actually been produced elsewhere) and, of course, the rapidly growing tourist industry. We already earn far more money working as receptionists, doormen, and taxi drivers at the international hotels and offices than we do as teachers of foreign languages or of anything else to our children.

On a personal level I have not been unaffected. Even during the worst years of socialism the material abundance evident in Western films and tourists never had any appeal for me. I believed that in spite of present shortcomings we were building the foundations for a better social order that would one day be far more meaningful than all the material toys of capitalism. But today, with the collapse of socialism and the floods of Westerners and Western goods, I find myself feeling things a philosopher should never feel (least of all one who is a Marxist and a poet as well!): covetousness and even envy toward people who are able to afford what I cannot. I have always placed considerable confidence in human reason. I still do, but maybe we have to live through a stage of wanting and playing with material toys before we can really grow up.

What is going on in East Europe, however morally and aesthetically repugnant it may be, is only the outcome of the internal logic of capitalism and its need to create a "world

market" in its own image. In a sense it may even represent progress; i.e., progress toward the day when capitalism itself can at last be transcended and we can begin building socialism. There is, however, one aspect of all this that I cannot understand, that is not an inherent logical component of the process. How can you in the West, especially you in the United States, be so short-sighted? The situation in Yugoslavia is tragic and I have no desire to denigrate the suffering that's involved, but innocent people are killed on city streets every day even in "the land of the free." The real tragedy, the real threat to the future of the human adventure is what you are letting happen in what was the Soviet Union. You seem determined in your glee at the fall of communism to obliterate any and every trace of it and let the Soviet people sink to the lowest levels of civilized life. I'm not just talking about the absolute degradation of a large part of the world's people (a population about the size of your own) being reduced to eating the bark from trees, however horrifying that may be. But in letting what was the center of "international communism" come to the brink of existential collapse you have forgotten, if history is any guide, that such a policy has invariably been disastrous for both parties and has usually given birth to even worse monsters. Moreover—and from the long-range perspective on the human future, more importantly—the old Soviet Union educated and employed about one fourth of the world's engineers, scientists, physicians, and others at the technological frontiers of human progress. Many of these are being reduced to poverty, forced to leave their fields and work elsewhere merely in order to live. This willingness to see a quarter of the world's scientific and technological capacity wither and die, this assumption that Western science by itself is capable of developing all that is needed for the human future, is a most arrogant shortsightedness, one that seems especially prevalent in the United States.

At this point I can't hold back from commenting on another example of American arrogance, which if it is successful could be at least as detrimental to the human future. When

you construct a Disneyland in France you are trying to steal our culture and return it to us in ersatz form, for your profit. To build a totally fake “castle” on a continent full of real castles, to tell us what our own myths and fairy tales “really are,” how their characters “really look,” and to package all of this in commercially enticing forms is both a profound insult and an affront, a dangerous attempt to steal and standardize the imagination of Europe. It amounts to “culturcide,” nothing less. I only hope that the people of France and the rest of Europe continue to show the good sense to stay away—and to resist the enticements likely to be offered now that attendance is less than expected.

From a longer-range perspective, I see signs of danger and of hope. The “victory” of capitalism means it is now free to expand unhindered over the whole earth. So the concentration of capital in fewer and fewer hands, almost all of them white, can only accelerate. The rest of the world will remain in banana republic status or, as in our case, be reduced to it. And the rest of the world will be kept there by the force of arms if necessary, or as seems the case in Africa by the willingness of capital to let a continent die of hunger rather than change the economic system that causes it. To the extent that history teaches accurately, no economic and political system based on such a narrow and shrinking distribution of wealth and power is eternal. I am deeply concerned that if capitalism continues to pursue its present directions, i.e. if it does not experience a collapse of its own (perhaps triggered by some ecological catastrophe, additional Chernobyls, a new plague, or the like), there will probably come a day of reckoning. And if the “banana republicans” of this world—those peoples both in the peripheral countries and in the centers of capitalism whom capitalism has deprived, degraded, and dehumanized—do in fact rise up against it, not only will capitalism be destroyed, but with it may well be lost the opportunity to create a genuinely human culture for all of our species.

The destruction of capitalism may at first appear a blessing, but human progress unfolds not by destruction but rather

by dialectical negation, by building on past achievements—and shortcomings—in order to move beyond them. And the construction of a genuinely universal human culture would have to draw on all of humankind's cultural traditions. I certainly do not pretend that those associated with Europe and North America are in any way superior to any others. But like all others our traditions also have certain specific, unique elements to contribute to the human future. Since they are inevitably associated with the capitalism that Europe and North America have also produced, they would be likely to be swept away in any reckoning at the hands of the "banana republicans" of this world.

The traditions I have in mind are those relating to a kind of chronic dissatisfaction with what is, no matter how essentially good it may be; a constant need to try another way, to experiment, to probe a little further; a refusal to accept present limits, laws, or ways of doing things as final—traditions reflected in many of our pre- and non-Christian myths: *The Odyssey*, Pandora's box, Prometheus, or Goethe's *Faust*—myths without parallel in other cultures. To be sure, other cultures have also acknowledged this element of dissatisfaction, but have sought by meditation, prayer, or ritual to sublimate, transcend, or subdue it. In Western culture, by contrast, it has become the source of action.

Some have tried to identify the current world primacy of Western science and technology with these sources. But other cultures have also developed high levels of science and technology—Babylonia, India, China, various Islamic centers, and so on. The difference lies in what cultures have done with science and technology. Most others have used them to expand and enrich leisure, "free time," which has then been used creatively in the arts, ritual, celebration, in thought, reflection, cultivated conversation, in further cosmological or other sorts of speculation, etc. We in the West have much to learn in this regard—Marx's son-in-law Paul Lafargue is one of the few of us to have written on the virtues of what he called "laziness." But having not sublimated or otherwise resolved

our chronic dissatisfaction with the “is,” we in the West have sought to use science and technology to enhance our capacity to act, to do, to perform, sometimes—as in Western sexology—to the point of caricature. Australian Aborigines have reportedly maintained for millennia a society in nearly perfect ecological balance, with no wars, ruling classes, or exploitation of each other, and with minimal material wants satisfied with a minimum of work and a maximum of creatively-used “free time.” Although, as I have said, there is much we need to learn from them, it is also true that they would never have discovered genes, atoms, or new worlds, or have begun to explore space. And this too—this readiness to act, to risk, to “challenge the gods,” perhaps even to create post-biological forms of being—is part of the human adventure. This is what it would be tragic to lose in the building of a global human culture; this is what is at risk if capitalism continues its present course unchecked. In fact, if capitalism continues its present course, the future development of science and technology, which could otherwise make such a great contribution to the building of a global, genuinely human culture, will in all probability be directed instead toward the creation of ever more refined and totalizing means of domination and exploitation.

It is clear that such a culture cannot be built as long as patterns or institutions of subordination and dominance persist anywhere in human society. This perception is in turn the root of my dissent, of my opposition to Havel and Klaus as well as to Soviet style communism. It is also the point at which my interest in ontology and my axiological and political concerns meet. No matter how irrational, ludicrous, or dangerous the concept of ontological substance may be—be it god, matter, or some “superior” principle of necessity—models based on it will continue to be propagated and accepted. They will be socially useful and hence seem pragmatically “true” for as long as we continue to live in class society and accept class division and domination as a given. A philosophical model that posits ontological substance necessarily implies dualism and the

subordination of, or at least the inferiority of, the human level vis-à-vis the putative ontological substance. This in turn creates the context for claims to dominance and superiority within human society on the part of those who can pretend a special relationship to the ontological substance, knowledge of its “laws.” The Soviet Communist Party and the Christian Vatican are one and the same in this regard. So too are those expert economists who, claiming to know the substance of “human nature,” proclaim that capitalism approximates it more closely than does any other conceivable economic system, and that if we forget about ideas, passions, or values and give these experts the power to make the decisions we shall have paradise on earth.

Clearly, then, the struggle to create the classless society of communism—the only society in which a global, genuinely human culture can emerge and flourish—presupposes the philosophical struggle to elaborate a nonsubstantial model of ontological reality. And then what? Who knows what human creativity, liberated from class domination and notions of ontological subordination, might achieve? After all, as Marx wrote, communism marks the beginning, not the end, of human history.

The Editors Comment—MR readers are surely aware that we are not necessarily in agreement with the entire content of articles that appear in the magazine. Nor as a rule do we have any inclination to enter into debate on areas of difference. But once in a while we feel an urge to do so. The occasion this time is Bondy's speculation about the danger that positive features of Western culture might be destroyed along with the possible eventual reckoning with capitalism by the world's oppressed masses. He identifies as unique to Western culture “a kind of chronic dissatisfaction with what is, no matter how essentially good it may be; a constant need to try another way, to experiment, to probe a little further; a refusal to accept present limits, laws, or ways of doing things as final.” In this respect, he believes there is a difference from other cultures in which dissatisfaction tends to be sublimated by meditation, prayer, or ritual. And even though other

cultures have developed high levels of science and technology, they have generally used these achievements to expand and enrich leisure rather than to pursue further scientific and technological advance. Apart from the validity of these generalizations—and granting that they were put forth in casual conversation—we detect here an assumption that we think can be seriously misleading, namely that cultures can be understood independently of their histories. One might infer from Bondy's observations that unchanging cultures in different parts of the world determine the nature and development of the societies in which they exist. Without attempting to evaluate this assumption in general, we would like to call attention to certain well-known facts about Western culture. The dynamic and rapid expansion of science and technology in the West, based largely on the mathematics, science, and technology of other civilizations, starts in the period of the Renaissance. That is also when the European exploration and conquest of the rest of the globe takes off. During the subsequent long history of conquest, the historical evolution, social structure, and culture of the dominated societies were diverted, distorted, and corrupted.

Integral to the explosion of scientific and technological advance and the spread of Western influence and control over the rest of the globe was of course the evolution of the capitalist social system. It is useful to recognize that the germs of capitalism existed elsewhere in the world. One can speculate on why they first sprouted successfully in Western Europe rather than elsewhere. But once taking firm root in that part of the world, the core capitalist countries converted other societies into dependent peripheries. As a result, neither the culture of the West nor that of the periphery can be understood apart from the effects of colonialism and imperialism.

BOOKS

Racism and Inequality in Urban America and the Restructuring of Global Capital

by William K. Tabb

Separate Societies: Poverty and Inequality in U.S. Cities by William W. Goldsmith and Edward J. Blakely. Philadelphia: Temple University Press. 1992. 201 pp. \$19.95

If the well-intentioned bumper sticker "Think Globally, Act Locally" came with a users' manual, this book might be one of its major chapters. William Goldsmith and Edward Blakely, professors of urban planning at Cornell and UC-Berkeley, have written a short, accessible book that puts urban racial inequality and poverty in the context of global capitalism. They move from world-scale economic transformations to proposals for domestic reform and community-level organizing. In detailing how economic forces in this country generate poverty, they show how social segmentation and geographical isolation act like a melting pot in reverse.

It is not simply that U.S. industry has responded to changing global markets by reducing wages, worsening working conditions, increasing unemployment, and spreading poverty. These deteriorating conditions are in part the consequence, the authors argue, of destructive reactions to the ongoing restructuring of "free markets." The two-tiered occupational structure, deregulation, and constant demand that the unemployed and underemployed must make sacrifices are central elements in capital's strategy. Poverty grows because the political process capitulates to international economic pressures and takes the ruling-class viewpoint on what should be done.

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It is clear that the ghetto and the barrio are symptoms of systemic failure. Goldsmith and Blakeley combine a withering critique of Reagan-Bush policies with a structural analysis that enables them to show how anti-poverty programs and industrial policies complement one another. They debunk such right-wing bromides as "welfare is the cause of poverty" while showing, nonetheless, how income-support programs stigmatize, humiliate, and isolate welfare recipients and discourage them from doing what they must do to become self-reliant.

Their detailed discussion of data on the growth of low-wage employment and inequality add little to what people who follow such matters already know, but the way the issues are posed in terms of who cannot get good jobs and why they cannot helps to situate poverty and inequality in a more revealing way than most popular accounts do. The authors are at pains to remind their readers that well-targeted national policies, such as the "G.I. Bill" after the Second World War and the post-sputnik Education Act, can make a difference in how well capitalism works for the majority. Today, they argue, such specific proposals as early-childhood education and the earned-income tax credit in place of the current welfare programs would change the life chances of millions of Americans.

Running throughout their study is a central tension: "On the one hand, powerful global forces play a major role in determining the life chances of American citizens. On the other hand, the situation of the poor can be radically improved only through a staged process of local empowerment, the formation of new coalitions, and the consequent reformulation of a national agenda." (p.13) The authors ask their readers to examine both dimensions of the problem of urban poverty and international restructuring in a comprehensive analysis of contemporary American capitalism.

Goldsmith and Blakeley see urban poverty as integral to the way capitalism functions at home and abroad, but they believe progressive politics has the potential to change the way the system works. They do not hold that the global tendencies are inevitable, but they do argue that they have been treated as such in American politics. These tendencies are rooted in history and economics, to be sure, but they result from deliberate private and public choices.

The book is accessible to a general audience, and will be particularly useful to community activists and undergraduate students in urban studies. Goldsmith and Blakeley believe that a new urban politics is possible—they point to the left local governments in Burlington, Vermont, Santa Monica, California, and other places

to argue for community-level politics as part of a larger strategy for political realignment. And they contend that reshaping the political economy of the cities is the most promising avenue toward a revitalization of the political economy of the nation.

I have the audacity to believe that peoples everywhere can have three meals a day for their bodies, education and culture for their minds, and dignity, equality, and freedom for their spirits. I believe that what self-centered men have torn down, other-centered men can build up.—Reverend Martin Luther King, Jr. April 15, 1967

Good Sense from an Unexpected Source

In a nutshell, being Number One is not necessary for leadership and is not sufficient for dominance. One could write off all this competitiveness and Number One talk as only talk. But it does have some real significance. It is a distraction from our real problem, which is not to get richer than someone else or to get richer faster than someone else but to be as good as we can be, and better than we have been, in the areas of our serious deficiencies, such as homelessness, poverty, ignorance, and crime.—Herbert Stein,

Chairman of the Council of Economic Advisers in the Ford Administration, *Wall Street Journal*, March 1, 1990.

Crisis in the American Heartland

by Fred Magdoff

Broken Heartland: The Rise Of America's Rural Ghetto by Osha Gray Davidson. New York: The Free Press, 1990. 206 pp. \$22.95.

When we think of poverty in the United States we normally imagine the urban ghetto where people are trapped by the twin enemies of racism and a stagnant economy. For a while the plight of the urban homeless also received some attention from the media and public, although both just wanted the homeless to disappear by nearly any means necessary (except, of course, by getting the resources they needed to solve their problems). Omitted from most people's conception of poverty, hunger, and homelessness is the fact that these problems are also widespread in rural areas. Rural poverty is less visually dramatic than urban poverty—poorly insulated mobile homes and weatherbeaten single family houses look almost quaint compared to urban tenements. In addition, the recent dramatic increase in poverty in many rural areas occurred during the 1980s when the media were busy celebrating the Reagan years. But changes in the countryside, unnoticed by most, have resulted in close to a third of the country's poor now living in rural areas.

The Downward Spiral

The midwestern region of the United States is unusually well endowed with good soils and climate and produces most of the

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country's corn and soybeans, used mainly for animal feeds and vegetable oils. This "heartland" of the country contains some of the best farmland in the world, and the wealth of the region has been largely based on this natural resource. When people think of the midwest, they think of beautiful farms and abundant fields, of silos bursting with grain, of small towns with locally-owned stores, of pretty single family homes, of a place where children are healthy and safe and their futures bright.

Unfortunately, the idyllic view of the U.S. heartland does not resemble the reality of the 1980s and 1990s. Osha Gray Davidson's book documents an unusually swift transformation that has resulted in a reality very different from the one many want to believe in. Davidson, a writer from Iowa City, has captured the essential issues and problems of an important era in the life of rural America. A number of powerful national and regional trends and forces, some interrelated, coincided to make the 1980s a devastating decade for the rural midwest. These include the following: (a) a speculation-driven bubble in land prices; (b) a push by agricultural officials to have farmers produce as much grain as possible (plant "fence row to fence row," farmers were told); (c) the bank crises (partially caused by banks pushing too easy-to-get credit on both farm and nonfarm businesses); (d) the decline in the number of manufacturing and other decently-paying nonfarm jobs and the increase (although in smaller numbers) of low paying service-sector jobs; (e) the opening of large malls on the outskirts of towns; and (f) the Reagan-era reduction in federal aid to states, cities, and towns when aid was most needed.

Excellent quality farmland is no longer enough to ensure a decent life to the people living in the rural midwest. The worst farm economy in the heartland since the depression of the 1930s came to be known as the "farm crisis" of the 1980s. Overcommitted with land and equipment purchased on credit, farmers were unable to weather the inevitable downturn in grain prices. Many an auction was held to dispose of the property of farmers unable to pay back their bank loans. As banks failed, the liquidators forced more borrowers to pay off their loans. With the speculative bubble of land prices already burst, it was very difficult for farmers to find other sources of credit, increasing the number of farm auctions. Simultaneously the economic health of towns in rural areas was also declining rapidly. Many a small town "died" when the last businesses and the school closed down. People may still live in the houses, but their

children are bused to school in another town, and community life essentially disintegrated.

The speed and the extent of the decline are hard to grasp. As the crisis hit the farm economy, other changes were simultaneously occurring during the 1980s. In Iowa there was a doubling of the poverty rate between 1979 and 1985, reaching a level of about 18 percent. While total nonfarm jobs decreased and many people migrated out of the region, being employed was no insurance against falling into poverty. Nonfarm rural employment opportunities were shifting away from better paying manufacturing jobs to low paying service jobs. In Iowa the average pay of nonfarm labor declined from about \$16,000 to \$14,700 between 1979 and 1986.

The decline in purchasing power of the farm and nonfarm rural workers meant that many small businesses could no longer survive. In the ten-year period ending in 1986, Iowa's small towns lost approximately 41 percent of their gas stations, 27 percent of their grocery stores, 21 percent of their building material stores, 37 percent of their variety stores, and 38 percent of their men's clothing stores. And from 1980 to 1986 more than a third of the farm-implement dealers also went out of business. Davidson also points out that the construction of malls and the coming of WalMart megastores to the midwest did much to hasten the decline of businesses in small towns. More jobs in the community were lost as rural schools and hospitals closed. A downward spiral occurred that frequently ended in the death of the town and an outmigration of young families. Even if a town didn't lose all its businesses and its school, the effects of the economic decline were dramatic.

Life at the Bottom

Davidson maintains that the result of the downward spiral has been social disintegration and the creation of a rural equivalent to the urban ghetto. The story he tells is not a pretty one. A large number of farm families and many other rural residents go without enough food, and there has also been a large increase in the number of homeless. Davidson points out that a variety of factors cause low participation of rural poor in federal poverty programs. While those living in rural areas amount to 30 percent of the total poor in the United States they receive only 20 percent of the benefits from the various programs. In rural areas, more than in urban, people frequently blame themselves (and others also blame them) for the loss of their farms, their jobs, and their businesses. They believe that if

only they had done things differently or worked harder, it wouldn't have happened. The psychological torment that the descent into poverty causes has resulted in an increasing incidence of suicide and abuse of women and children. There has also been an increase in hate groups as some people look for scapegoats to blame for their deteriorated economic and social conditions.

Many of the inhabitants of the rural ghetto are retired elderly people, including many widows, living in communities that have lost vital services and in homes that are not worth much money. Programs such as "meals on wheels" that provide nutritious meals to elderly in cities are nonexistent in rural areas. The mobility of many has been reduced because of the decrease in the value of their assets, mainly their homes.

One of the strengths of Davidson's book is that while it gives plenty of statistics to bolster its arguments, it provides details from the lives of individual people that convey a reality and power that numbers alone cannot portray. The real issues in peoples' existence are brought through loud and clear by the person collecting bottles on the side of the road, a priest discussing the desperation of his parishioners, a former farmer sitting in her kitchen discussing the loss of the family farm, a worker in a new meat packing plant living in a dingy room away from his family and making only half of his former wage, a local school official telling of having a summer feeding program swamped by 2,000 children when they estimated that only 300 would come. It is the combination of the stories of the heartland's residents with statistics, the author's humanitarian viewpoint, and his ability to see the complexity of issues that makes this book so compelling.

Of course, rural poverty in the United States is anything but new. Davidson points out that there was a large migration of Southern tenant farmers in the 1890s, and public concern in the 1920s and again in the 1930s. (He notes the publication of James Agee and Walker Evan's *Let Us Now Praise Famous Men*). The 1967 report of President Johnson's National Advisory Commission on Rural Poverty, entitled *The People Left Behind*, contained a large number of recommendations. Although most of the rural initiatives were never implemented, the Johnson-era anti poverty programs—food stamps, Supplemental Security Income, Aid to Families with Dependent Children (AFDC), and the Social Security benefit increases—combined to decrease rural poverty as they did in urban areas. However, the decline in funding for government programs in the 1980s, just when they most needed to be expanded, caused a sharp

reversal of the trend, and now about 9 of the 54 million people living in rural areas are living below the poverty level. And poverty has become widespread in areas of the countryside that formerly had relatively low numbers of poor.

False "Development" Strategies

The problems are apparent enough for all to see. The real question is how can the heartland get out of the swamp at the bottom of the spiral. Davidson sees through many of the so called "rural development" strategies that attempt to attract industrial jobs to rural areas. Most of these industries offer low wages and are attracted to weak and desperate communities. While people need the work and take the new jobs, the wages are usually not enough to allow families to rise out of poverty. States and towns are in competition with each other as industrial corporations seek a more friendly environment for relocations. Anti-labor laws and regulations, low interest loans, infrastructure provided at no cost, and weak environmental regulations are promoted to make states and towns more attractive to industry. Davidson sees the "new" concept of Enterprise Zones as nothing more than a warmed over version of a failed strategy started in Mississippi during the mid 1930s (Balance Agriculture With Industry), which first raised the practices mentioned above to the level of state policy. Extreme exploitation, environmental degradation, and increased inequality are the usual outcome of these rural Enterprise Zones. Davidson also derides the allure of "high tech" and "biotech" companies that actually tend to have a much higher percentage of low paying jobs than generally believed.

Homework—from knitting sweaters to assembling front-end suspensions for a supplier to General Motors—has been touted by some as a way for farm families and other rural dwellers to earn extra income by working part time. Davidson shows how these practices encourage exploitation; and while the low wages are welcome to desperate people, homework offers no meaningful way out of poverty.

Is There a Way Out?

Davidson views the heartbreaking problems in the heartland and many other portions of rural United States in the context of the concentration in production and ownership of farmland as well as concentration in agribusiness (where vertically integrated Cargill has annual gross sales of \$32 billion), the imbalances caused by

misguided federal farm programs, the decline of the strength of labor unions, and the futility of many of the schemes for rural economic development. He, therefore, realizes that there are no simple solutions. Nevertheless, Davidson offers a number of proposals for turning the situation around. He believes that it is essential to focus on agriculture, although working on improving other economic activities may also be important. A complete reorientation of farm programs is needed to target social goals. A centerpiece of these new policies would be controlling supply through a production-quota system. More research and implementation are needed on agricultural practices that are environmentally sound and oriented to smaller scale producers. "Community development" that takes into account pay scales and environmental and social impacts of proposed new employment opportunities should replace attempts at "rural economic development" focused solely on job creation.

Davidson also believes that many things are needed that are aimed at the whole society and not just the rural areas. These include putting "more teeth" in the anti-trust laws, strengthening labor unions, meaningful tax reform, and election reforms to try to insure that the people rather than special interests control the political process.

All of Davidson's suggestions make absolute sense, but their sweeping extent and the powerful interests that they would antagonize indicate that a major realignment of power would be necessary to dramatically transform rural society. The absence of a movement capable of significantly challenging special interests satisfied with the status quo indicates that such a transformation is a long way off.

Lessons for Other Countries?

The agricultural system in the United States is often held up as a model of productivity and modern practices. After all, it is said that one U.S. farmer can feed about 120 people. What is usually not mentioned is that this one farmer is backed up by a huge support system which includes large amounts of equipment, relatively easy access to a variety of other inputs, credit, information, repair facilities, an efficient transportation system, and plenty of other people helping to make the system function. And all of this requires large inputs of fossil fuels, a nonrenewable resource, needed to manufacture equipment, fertilizers, and pesticides, to power tractors and combines to do field work, to dry crops, and to transport crops to

market over long distances. The current system is also causing great environmental harm as surface and ground water are frequently polluted with farm chemicals, excess erosion of topsoil threatens future productivity, and farmers and farm laborers are frequently harmed by exposure to pesticides.

Another issue rarely discussed is that the structure of ownership and production is such that by 1987 only 94,000 farms (4.5 percent of the total) produced 53 percent of the value of total farm sales, and the 316,000 largest farms (15 percent of the total) produced over 75 percent of total sales of agricultural products. The family farm, where family units working with little hired labor gain their livelihood exclusively from the land, is becoming increasingly marginalized. The megafarms, larger than needed to reach maximum economies of scale, produce high profits through high sales volume rather than through specially low costs of production. The logical extension of the current trends will result in the existence of two types of farms—large megafarms and small farms in which family members must have significant amounts of off-farm income to survive.

These infrastructure, environmental, and structural problems do not suggest a model system that people in the Third World or in Eastern Europe should copy.

What happened to farm families in the U.S. heartland in the 1980s was an acceleration of a trend that cannot be reversed as long as the current political and economic structure exists. It has always been difficult to encompass farmers in a typical class analysis. Farming is a way of life in ways that few other occupations are. Even at best, most farmers work incredibly long hours, receive modest incomes, and have a standard of living similar to that of the working class. Some rent most of their land, but farmers frequently employ others to work on the farm and often own (usually on credit) their land and equipment.

Farmers have historically been in a weak relationship to banks and suppliers of equipment, seeds, and other needed purchases. Davidson points out that midwest farmers frequently deal extensively with very large corporations such as ConAgra, purchasing inputs used for production at retail prices and selling agricultural products at wholesale prices. Most farms are small businesses and as such are influenced by the most basic laws of capitalism. Farmers must get more efficient and get larger, or get out of farming. This causes a constant downward pressure on the price at which farm commodities are sold as mechanization and other cost reducing

technologies are adopted. This is the basic reason for the large exodus from farming which in approximately fifty years has reduced the number of farmers from close to 7 million to about 2 million. The rapidity of recent swift changes in land ownership and consolidation may have been caused by the 1980s speculation/credit crunch-induced "farm crisis," but basic forces inherent to the normal workings of capitalism were also at work.

The lessons of U.S. agricultural history and the logic of capitalism both indicate that the rush toward privatization in Eastern Europe and the exposure of already privatized farms in countries like Poland to the full force and logic of the "free market" have the potential to cause massive dislocations of their rural populations. If industrial or other jobs are not available to people no longer needed in the rural areas, the future of these societies is nowhere near as rosy as those pushing the rapid change to a free market system would like us to believe.



Our freedom was not won a century ago, it is not won today; but some small part of it is in our hands, and we are marching no longer by ones and twos but in legions of thousands, convinced that it cannot be denied by any human force.—Reverend Martin Luther King, Jr. April 15, 1967

Change From Below: The Brazilian Workers Party

by Michael Löwy

Margaret E. Keck, *The Workers Party and Democratization in Brazil*, New Haven: Yale University Press, 1992. 200 pp. \$21.95.

This is the first major scholarly study of the Brazilian Workers Party. Drawing on documentary source material as well as on extensive interviews the author—assistant professor of political science at Yale—offers a fascinating history of the origins and formative years of the Partido do Tabalhadore (PT). She places the birth of the party in the context of burgeoning political opposition to military rule in Brazil, showing how the development of the party was both constrained and sustained by the process of democratization. She also discusses the essential differences between the PT and all other Brazilian parties created during the transition from the military regime to democracy: its ongoing relation with an increasingly well-organized and combative sector of the labor movement and its uniquely democratic internal structure.

The Workers Party was founded in 1979 when Brazil still was under military rule, in the wake of two big strike waves, sparked by the metal workers union of São Paulo's industrial area (the so-called ABC towns). Several factors contributed to its formation: first of all the existence of a nationally known labor leadership, whose most prestigious figure, Luís Inácio da Silva ("Lula")—president of the Metalworkers' Union of São Bernardo do Campo—soon became the key figure in the creation of the party. But there existed also a

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mass base: a growing urban working class and an extended network of Ecclesiastic Base Communities—both committed to an ethos of grass-roots organization and change from below. To this one has to add the significant contribution of leftist militants and activists, belonging to various small groups (particularly Trotskyist), as well as the support of socialist intellectuals and politicians.

While during its first five years the PT seemed doomed to marginality (it garnered only a disappointing 3.3 percent in the elections of 1982), this started to change during the second half of the eighties because of: (a) the growth of the new, “authentic” trade-union movement, centralized since 1983 in the CUT (United Labor Confederation) and (b) the accession to governmental positions of the PMDB (Party of the Brazilian Democratic Movement), the main representative of the liberal opposition to military authoritarianism, which had, until then, received most of the popular vote.

The Workers Party’s relatively strong performance in the mayoral elections in the state capitals (1985) gave it a new lease on life and projected it onto the national stage as a viable and growing political force. Precisely because it was an “anomaly” in the Brazilian political scene, the PT could serve as a vehicle for the expression of widespread dissatisfaction with the status quo. The same differences that were responsible for its marginality until 1985 were what helped it to become the axis of a new opposition at the end of the eighties.

Acts that were initially taken as evidence of “rigidity” and “sectarianism”—for example, non-participation in the indirect presidential elections of 1985 (an elite maneuver that led to the election of Tancredo Neves, a conservative figure of the PMDB)—eventually came to be seen as evidence of coherence and principled behavior. In the second half of the eighties, the contrast between the party as movement builder and the party as institutional actor began to be bridged.

In November 1988 the Workers Party sent shock waves through the Brazilian political elite by winning the mayoral races in three state capitals (São Paulo, Pôrto Alegre, and Vitória) and twenty-nine other cities in Brazil (including many of the major industrial centers in São Paulo). And finally, in 1989, in the first direct presidential elections in three decades, Lula won 16 percent in the first round, and then came very close to winning the presidency, losing in the runoff with 47 percent of the valid vote as against 53 percent for Fernando Collor de Melo, a conservative populist supported by the media (and particularly by the powerful Globo TV network). Nothing in the party’s incremental growth in the inter-

vening years made either of these extraordinary events inevitable. Once again, the peculiar dynamics of the Brazilian transition to democracy determined the place the PT was to occupy, that of the last hope for change.

Several commentators referred to the 1989 election as a contest between organized Brazil (urban and rural unions, base communities, neighborhood networks, social movements) and unorganized Brazil. The result demonstrated that organized Brazil is not sufficiently strong to carry a national contest in which images projected by the mass media—the political spectacle—outweigh programmatic and institutional considerations. However, the more surprising message, and one that much of the left, including the PT, was slow to recognize in the midst of disappointment, was that “organized” Brazil was *almost* strong enough to win. In a political system with a long elitist history, a party dedicated to organizing workers and the poor came within a hair of winning the presidency.

In her conclusion, Margaret Keck emphasizes that the PT is a novel development in Brazil, because of its links to the labor movement, its commitment to change from below, and its internal democracy. The very organization of the Workers Party challenged the Brazilian political tradition of elite conciliation and negotiation as well as co-optation of popular leaders.

To a large extent, the party grew less on the basis of an ideology than on an ethical stance, within which a number of alternative visions competed, using different languages. Whatever its future, the very existence of the PT has already helped to redefine the configuration of Brazilian politics.

This excellent book is a most useful analysis of the origins and consolidation of a surprising phenomenon whose political impact already transcends Brazilian borders. Some of its limitations are acknowledged by the author in her preface: more work is needed on the PT's relationship with the church, on its various internal leftist currents, and on its growth beyond the São Paulo area and the urban labor movement into rural unions and landless peasant movements.

But there is also, in my view, a serious methodological problem: the theoretical framework is for the most part that of mainstream U.S. political science, resulting in the absence of key Marxist concepts. How can we understand, for instance, the formation itself of the PT without referring centrally to the capitalist structure of the Brazilian economy and society? Already in the first manifesto of the party (February 1980) it is said: “The PT will be the political expres-

sion of all those exploited by the capitalist system." The anti-capitalist ethos has been, from the outset, one of the main unifying forces in the PT's political culture. In a recent document on socialism (approved by the Seventh National Conference in May 1990) it is said: "Our basic commitment to democracy also makes us anti-capitalist, in the same way that our choice of anti-capitalism unequivocally determines our struggle for democracy." The party's adversaries are not only the "political elites" but, above all, the capitalist ruling classes, of which these elites are the expression.

In spite of this shortcoming, Margaret Keck's book is a remarkable contribution to the knowledge of the Brazilian labor movement and certainly deserves to become the standard work for all interested in the history of the Workers Party.

One last word: since the book was written (1991), some major events have taken place in Brazil, confirming the PT's capacity to combine institutional action with change from below. President Collor de Melo was ousted by a powerful mass movement (millions of people went into the streets in the main towns of Brazil) which compelled a reluctant Parliament to investigate the charges of corruption against the President and finally to vote for his impeachment. The Workers Party was the main initiator of the Parliamentary enquiry and of the mass mobilizations, which resulted, for the first time in the history of Brazil and Latin America, in the legal ousting of a president by the people.

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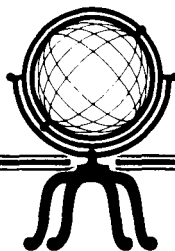
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(Continued from inside front cover)

basically an appeal for funds, and yet there is more wisdom in their brief observations than in all the lengthy analyses (mostly platitudes) one hears on radio and television.' This from an elderly woman in Van Nuys, California (who is unfortunately unable to subscribe to the magazine or make regular contributions)."

To this we replied: "Thanks very much for your good letter in which you quote 'an elderly woman who is by no means politically sophisticated.' We found what she had to say both touching and gratifying. We think politically unsophisticated people are much more open to a realistic view of what's happening in the world today than the majority who have been politically brainwashed by our corporate-controlled media. Do you think your friend would be willing to have us quote her, either by name or anonymously, in the magazine? In any case, if you will send us her name and address, we would be happy to send a year's free subscription to *MR* as a token of our appreciation."

Our correspondent responded: "The elderly woman I wrote about is none other than my beloved sister Frances Robyn, aged 84 (I am 83). Because she has had a triple by-pass operation and has various infirmities, I foolishly (especially for a presumed Marxist) try to shelter her from any public involvement. Well, she certainly put this supposed Marxist in his place! I talked to her by phone, and she was startled and elated by your reaction to her remarks. She then said to me 'Of course they may quote me in any way they see fit! I am simply flattered and honored.'

"I used the word beloved when I mentioned my sister. Beloved not only by her brother Sammy, but by a whole host of people from Los Angeles and Van Nuys—and absolutely adored by her long-time pupil Alan Sampel who only last week played a piano concerto with the Paris symphony orchestra and received five curtain calls. He immediately phoned her from Paris, not to boast of the five curtain calls but to pay homage to the person who is dearer to him than anyone else in the world.

"I hasten to assure you that I tell you this not to boast about my sister but to stress that a person who oozes love and caring from every pore in her body is bewildered and aghast at the hatred, the violence, the corruption, and finally the complete disintegration of our society. That is why she listens to radio and watches television for some enlightenment—and finds none. Of course I have helped her to understand the in-depth nature of the problem. Let us say that I laid the groundwork for the 'revelation' that she experienced when she received in the mail my xeroxed copy of your fund appeal with its deep insights. That did it!"

If you have forgotten the contents of the appeal letter which was at the origin of this exchange—or perhaps never saw it at all—and would like to refresh your memory, just drop us a line with your name and address. We'd be happy to send you another copy (or copies: maybe some of your non-subscriber friends would find it as enlightening as Frances Robyn did).

We just heard that our old friend Dallas Smythe died last Labor Day. Dallas was chief economist at the Federal Communication Commission during the New Deal, at which time he was actively involved in the last government effort to establish and maintain standards for the radio and television industries in the public interest. Since then he was active in progressive movements and a leading spirit in research and teaching communication policy in Canada and the United States.

After thirty years of rapid economic growth, South Korea is widely promoted as demonstrating the superiority of free market capitalism. Along with Taiwan, Singapore, and Hong Kong, it is considered a great success story and model for third world development.

In this fascinating study, Martin Hart-Landsberg argues that such an assessment is seriously flawed. His clear and comprehensive discussion of South Korea's highly centralized system of state planning shows that economic success has less to do with free market or free trade policies than with thorough state economic control.

Hart-Landsberg's study makes it clear that while South Korea offers no ready-made development model, its experience nevertheless has much to teach those concerned with creating democratic and sustainable development.

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